

News Release

OFFICE OF INSURANCE APPROVES ANNUAL WORKERS' COMP FILING Report shows improving experience in Kentucky market

FRANKFORT, Ky. (Sept. 5, 2006) – A filing on which most insurance carriers will develop rates for workers' compensation coverage shows the largest decrease in loss costs since 1997, Governor Ernie Fletcher announced today.

The filing, effective Oct. 1, was by the National Council on Compensation Insurance Inc. (NCCI), an advisory organization that serves as the oldest and largest provider of workers' compensation and employee injury data and statistics in the nation.

Data collected from insurance carriers is used to develop loss costs, which is the average compensation for lost wages, based on level of disability, plus medical benefit payments. Use of the information is voluntary but most workers' comp carriers use the NCCI loss cost values as a base to which their own loss adjustment and overhead expenses are added to arrive at the rates charged to Kentucky employers.

"This is a very positive development," Governor Fletcher said. "Workers' compensation insurance makes up a significant cost of doing business. A uniform, comprehensive coverage is vital to the well-being of our working men and women. This reflects a continuing trend of fewer work related injuries. Employees and employers both benefit by working together to create a safer work environment in Kentucky."

The loss cost figures approved show an average reduction of 9.3 percent for the 564 industrial classes used in Kentucky. These classes include manufacturing, office and clerical, contracting, and goods and services. Underground mining loss costs dropped 6.6 percent while surface mining rose 3.4 percent for an overall 4.5 percent reduction for coal classes.

"These loss costs, particularly for industrial classes, show drastically improved experience in the Kentucky market with dropping frequency of claims and increased premium volume," said Julie Mix McPeak, executive director of the Office of Insurance.